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Exploring the Relationship between Entrepreneurial Orientation, Innovative Capability and Social enterprises Competitive Positioning: Evidence on Social Enterprises in Saudi Arabia

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Abstract. This paper aims to investigate the effects of entrepreneurial orientation (EO) and innovation capacity (IC) on the sustainable competitive advantage of social enterprises (SEs) within the context of Saudi Arabia. The data used to achieve this objective were collected through a questionnaire survey administered to 110 participants. The analysis of the data via SPSS indicated that entrepreneurial orientation positively affects both innovation capacity and competitive advantage. Moreover, the findings indicate that innovation capacity positively affects the sustainable competitive advantage of Saudi social enterprises. In addition, innovation capacity positively mediates the relationship between entrepreneurial orientation and sustainable competitive advantage. The findings of this study could be used by managers of social enterprises to define policies suited to help the achievement of sustainable competitive advantage, which is a target of the Saudi Vision 2030 plan.

Keywords: *Entrepreneurship orientation; Innovative Capability; Competitive Positioning; Social Enterprise.*



1. Introduction

The Saudi Vision 2030 plan asserts the importance of applying innovative production methods in order to achieve a sustainable development that benefits both company shareholders and stakeholders (e.g., society) Benbarek (2019). This is indeed one of the mega trends embraced by the Saudi government. Therefore, there is a need to explore the factors that maximize sustainable competitive advantage among Saudi companies. Moreover, in response to the assertion on the importance of balancing the pursuit of profits and the achievement of societal aims (e.g., sustaining the environment), the authorities are supporting social enterprises (SEs); hybrid organizations with a dual mission that that strive to achieve both financial (Lawson & Samson (2001); Pache and Santos(2012) and societal aims Sofiane(2017). Social enterprises- which, as such, are creative entrepreneurs- need to be examined.

The term “creative entrepreneur” indicates those people who come up with innovative ideas and knowledge for the betterment of business process; with their help, Saudi Arabia can achieve economic mobilization Fillis (2002). The creative industry comprises various sectors, like media and advertisement, fashion and retail, film and music and IT development, etc. Scholars have researched this topic in various developed nations’ and found that their governments were empowering different social enterprises operating in media and entertainment, arts and crafts or computer programming, etc. Notably, SEs are booming in Western economies, as their governments facilitate them in many ways Fillis & Rentschler (2005). Morris and Sexton (1996) highlighted the importance of motivation for both the entrepreneurs and domestic economic development. Social enterprise is a key area in which entrepreneurs could experiment; however, before doing so, they would need proper orientation. Orientation would help them to come up with new ideas that would be generated through innovation. These types of practices are also essential for a firm’s economic development, as this could provide any nation with a solid financial foundation (Lawson & Samson, 2001).

With regards to theory development, recent studies including review papers on the emergence of SEs Tracey et al. (2011) and the management processes employed by SEs Pache & Santos (2011); Doherty et al. (2014) confirmed that examining the achievement of social enterprise’s dual mission is of great importance to enhance our knowledge of how, why and where hybrid organizations are most effective. The main aim of this paper is to identify the driving factors that could empower firm level performance in organizational premises

Throsby(2001). The primary activity of this research is to understand the importance of entrepreneurial orientation (EO) in organizational premises and the ways in which it helps an organization to gain a sustainable advantage in the marketplace. This overall analysis could also help understand whether EO could aid the creative leaders of these social enterprises in making strategic decisions Covin & Slevin (1991). Another important aspect is evaluating the essentiality of EO in enhancing a firm's performance. Various research materials have shown that, although EO is highly beneficial for organizational performance, it is strictly dependent on market conditions and on a firm's resource capacity.

Innovation capacity (IC) could be viewed as an influential factor in linking a firm's creative leaders and performance. There are various driving forces that could empower the performance of firm; like a creative attitude, the technological environment in organizations, the staff members' attitude towards innovation, etc. (Lee, Lee, & Pennings, 2001). Innovation could enable the cultivation of various innovative ideas or modern ideologies in organizations, which could increase a firm's outcome. In this research, the first objective is to examine whether entrepreneurial orientation (EO) is positively associated with Saudi social enterprises competitive advantages. The second objective is to explore and elucidate how EO is, and can be, a positive influence on social enterprises competitive advantages. This is done by analyzing the mediating effect of innovation capacity (IC) on the relationship between EO and social enterprises competitive advantages.

Extant literature has apparently two limitations. First, although researchers suggested that the relationship between EO and firm's competitive advantage is mediated and moderated by other variables Messersmith & Wales(2011) ; Rauch et al.(2009); Wales et al.(2011); Lechner & Gudmundsson (2014), only a handful studies have tested the role played by mediating variables in EO-firm competitive advantage relationship. Second, most previous studies have been done in developed countries. To my knowledge, no previous research has been done on the subject matter of EO and firm outcomes with a focus on Saudi Arabian's social enterprises. This study is an attempt to fill these gaps and thus contributes to the literature by providing field data and real-life contextual examples. In the rest of the paper, literature review section is derived below. It showcases the perceptions and opinions of scholars on this issue and presents the variables and hypotheses, draw the research model and method, and give the empirical results and the conclusion of this study.

2. Literature review

- **A critical assessment of the hybrid nature of social enterprises**

Normally, social enterprises follow an efficient business model, which is why the nature of their work is defines as "hybrid." A hybrid organizational model defines the process of achieving both social goals and commercial success while dealing with any tensions and issues present in the organization. Commercial firms and social ventures differ in their purposes and profitability. According to Battilana & Lee (2014), social enterprises need to concentrate on social interest—rather than on commercial growth and success. The overall value of social enterprises depends on the value they generate through social profit. Adequate capital is required to run social projects, which would entail adequate investment from different sources.

The generation of adequate value would require sufficient financial resources and a continuous successful process would be needed to achieve good outcomes. The generation of such economic value would enable organizations to focus on their social goals. Doherty, Haugh, & Lyon(2014) stated that creative leaders must implement some innovative enrichment strategies or policies geared towards their social goals. Stakeholder satisfaction is also an essential aspect of business enhancement or growth and, to achieve it, sufficient revenue generation would be required. Normally, established commercial firms innovate by improving their business strategies for their existing services and products; conversely, for social enterprises, innovation involves improvising processes with new concepts and ideas (Boorsma, 2006).

According to Wagner & Compton(2012), not all social enterprises achieve appropriate outcomes through innovation in their organizational premises. Some of them gain fruitful competitive benefits in the market, while others are not adequately successful. This is why the hybrid nature of the social enterprises business model was critically analyzed and Ebrahim, Battilana, & Mair (2014), who stated that it could shift the focus of social enterprises. The only goal of social enterprises is to earn value and profit for society; as per their theoretical justification, these firms have no reason to take part in the rat race to achieve a good economic evaluation. Social firms are currently shifting their focus towards financial or commercial success, instead of social values or interests; because of this, an environment of tensions and issues is created in the firms. Managers in these firms are facing constant challenges as their goals are given lower priority over financial profits or outcomes.

Stakeholders also play a crucial role in organizational premises and their growth. Different types of decision-making processes are highly dependent on the perceptions of stakeholders. According to Wiklund and Shepherd (2003), stakeholder viewpoints have also changed in recent times and this is why organizations sometimes feel compelled to focus on financial aspects instead of their social missions. Two types of challenges

are often faced by social enterprises in recent times. Firstly, social enterprise stakeholders are now more interested in financial evaluation and are pressuring managers in regard to financial propositions. On the other hand, issues are sometimes created by the managers' intentions to achieve social missions, with which stakeholders may not always agree. These two things often create tensions in organizations. Mort, Weerawardena, & Carnegie(2003) stated that social enterprises need to strike a good balance between their social goals and revenue generation.

Today, there are various techniques suited to improve the performance of social enterprises, and productivity is also increased by them. Various social studies have been conducted to uncover the financial growth and strategic alliances of social enterprises, Moizer & Tracey(2010). Various sources have claimed that financial growth sometimes hampers these firms' goals or missions. In the present market environment, social enterprises incorporate different business models used by various other large corporations to earn revenues suited to make them part of the corporate market. This type of approach presents both positive and negative aspects, which must be tested before execution. As per this discussion, social enterprises are following a hybrid model that does not provide enough financial scope to their social objectives. Beyond a certain point, this scope becomes saturated and, in those cases, social enterprises face challenges.

Galera & Borzaga(2009) stated that, despite the many marketplace challenges linked to their dual mission, social enterprises need to incorporate this strategy for their sustainability in this competitive scenario. There are two approaches that could generate the momentum needed to achieve the dual mission; one is cross-sector bonding with other firms, whereby social enterprises could enter into partnerships with firms from other industries, and the second is same sector partnership. These two approaches have been proven to be most significant elements for the development of the social enterprises, Mangold & Faulds(2009) explained that these procedures enhance the competencies of both parties and that plans could be successfully designed to gain adequate revenues alongside competitive business positioning. Normally, family-run ventures could be instances of this type of platform. In the past, social enterprises had specific business goals or missions, but they now adopt new and modern techniques to achieve positive evaluations. As per the viewpoint of Morris & Sexton(1996), social enterprises are now working on broader platforms and are successfully executing dual missions, which helps their sustainability. This paper is focused on an in-depth analysis of the social enterprises and of the functional procedures deriving from their hybrid nature.

• **Managerial tensions linked to social and commercial perspectives found in social enterprises**

All firms try hard to achieve sustainability, Aminu et al.(2018); for this reason, they need to upgrade their performance as this could also provide them with a competitive advantage. The concept of the social enterprise, which originated many years ago, has recently been given priority for economic support. De Clercq, Dimov, & Thongpapanl(2010) identified social enterprises as being different from government organizations and charitable firms. Social enterprises earn their value in two ways. First of all, they invest capital in their business processes, and management expects a return on that investment. Thus, they usually accrue revenues for every purpose. Secondly, by promoting their services in the marketplace, social enterprises are able to attract higher numbers of stakeholders, all of which have their own goals or targets that need to be fulfilled. If a firm's goals match those of its surrounding community, the latter will be interested in being a part of the process. In social enterprises, stakeholders have the right to make positive decisions for the benefit of the organizations. According to Di Domenico, Tracey, & Haugh (2009), social auditing has the purpose of gathering the feedback of the individuals associated with the processes, thus providing managers the ability to evaluate their organization's performance.

Social enterprises face various types of challenges; one of the most vital of which is of a financial nature, Eikhof & Haunschild(2007). Adequate financial support is required for social enterprises to survive in the marketplace. This is done through establishing channels with multifarious stakeholders. Two basic reasons for this are linked to consumer usage of the services of any organization: one is product viability, which indicates whether a service or product fulfils customer demand; the other is the ease of access to a product's features. According to Smith et al.(2013), social enterprises need to execute suitable corporate social responsibility policies to evaluate sound outcomes. To successfully plan for sustainability, the managers of social enterprises need to be familiar with social views and social needs.

The fulfilment of social objectives can be verified through causal feedback analysis. Trust and reputation also have a significant impact on organizational performance and growth. According to McWilliams, Siegel, & Wright (2006), dynamic business frameworks can sometimes be very helpful for increasing the performance of social enterprises. A significant causal relationship among various stakeholders would be required for process development and significant profit generation, Forsman (2011) stated that people tend to come together in the same processes to achieve the same goals.

- **Entrepreneurial orientation**

Entrepreneurial orientation has been a key driving force for managers belonging to the corporate world. With the help of this orientation, managers can not only increase their efficiency through a proactive nature and activities, but can also develop innovative approaches in organizations that could enhance the performance of their organization, Nicholls(2010). Many arguments still indicate that EO has no positive effects on the performance of an organization; it only increases its overall costs.

Rauch et al. (2009) stated that, should an organization focus on EO, it would gain an advantage in the marketplace. Much empirical evidence may point at the involvement of managers in this process to run all sorts of operations appropriately and significantly. Entrepreneurial orientation also provides managers with new skills and potential by which they may be able to execute new operations.

- **Effectiveness of EO on sustainable competitive positioning**

Sustainability is a fundamental aspect for all organizations. Particularly, to gain a sustainable position in the market, social enterprises need to concentrate on their financial propositions. If an organization gets financial support, then it could experiment with its business operations. There are various research parameters that could showcase the effectiveness of EO on the financial balance of a business. In 1999, Wiklund stated that two non-financial aspects should be considered under EO: consumer satisfaction and innovative capacity, (Wiklund, 1999). Having performed an analysis, it could be stated that EO has an indirect impact on the financial positioning of a business. Should managers be capable of properly providing customer satisfaction and of setting in motion innovative plans and activities in their organizational premises, their organizations would surely accrue adequate financial outcomes. A significant managerial perspective or paradigm would be developed that could ensure high levels of sustainability in the marketplace.

- **Relationship between EO and innovative capabilities**

Entrepreneurial orientation is a process that can develop new mindsets and phenomena in organizations, Wagner & Compton (2012) stated that although creative managers always strive to find new approaches and procedures for their firms, sometimes, due to a lack of knowledge and understanding, they are unable to do so. EO can be helpful in changing this mindset and may enable the development of an appropriate philosophy on managerial roles and responsibilities. Managers may be able to develop a time-based survival strategy. Although innovation is a driving force that can ensure a competitive position in the marketplace, the organizational environment must be set according to it, and this is only possible if the managers or leaders of the social enterprises can avail themselves of proper frameworks or guidelines. The creative approaches of social enterprises are shown in performance enhancement.

- **Innovation capability in social enterprises**

In the current marketplace, social enterprises need to change their strategies and policies through innovative principles and ideas that alone may enable them to achieve sustainability. The creative leaders of any firm need to come up with creative ideas suited to differentiate their firms from others. Innovation and creativity are linked to each other, as innovation is evidence of the creative mentality of any firm. For this particular reason, social enterprises need to cultivate their creativity to innovate their business processes, (Ostrom, 2000).

Numerous scholars and articles have showcased the importance of creativity in organizations. Firm profitability is highly dependent on business functionality, and overall business growth is dependent on creative factors, Peredo & McLean (2006). The profitable execution of the whole process may be evaluated through its creative nature and attributes. An organization's developing environment always helps to execute innovative principles and strategies and, through this process, to achieve growth and reputation in the marketplace. Innovative capabilities enhance marketplace social values and demands and, through this process, a strong base of supply and demand could be established. Research has shown that IC and EO have strong links with each other, as EO can help develop strategic mindsets in managers, which helps to incorporate innovation in organizations, (Dacin, Dacin, & Matear, 2010).

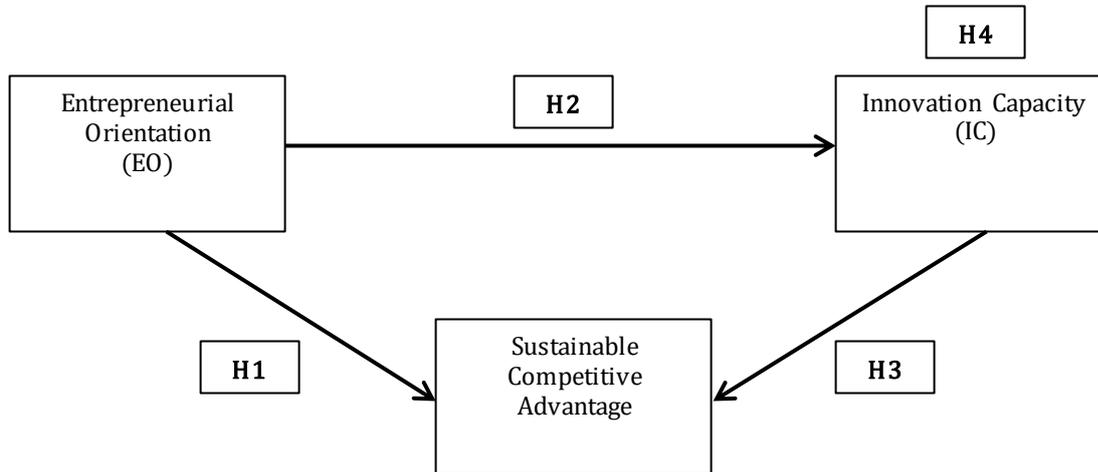
- **Effectiveness of innovation capacity on sustainability**

Social organizations basically aim at the wellbeing of ordinary people. These firms could be stated to be non-profit businesses that may generate financial outcomes by delivering value to consumers in a commercial fashion, Escribá-Esteve, Sánchez-Peinado, & Sánchez-Peinado(2008). Social enterprises sometimes face huge challenges due to their lack of skill sets and potential. If creative leaders incorporate innovative principles in their organizations, the latter's performance will be enhanced, enabling them to deliver more services to people Tracey & Phillips(2007). Innovation can be enacted in various ways; for example, technological innovation could make

processes faster, while strategic innovation could empower the business evaluation of an organization. Various emerging technologies could provide these firms with strong foundations, (Vickers & Lyon, 2014).

An organization will benefit if its staff members are properly indoctrinated on innovative aspects and principles, which should be the subject of policies and procedures set up by managers. Innovation sometimes makes the overall organizational process easy and comfortable, Peattie & Morley (2008). Proper knowledge and understanding would be required to achieve sound results in organizations; such an orientation would drive managers to implement innovative activities. In recent years, innovation has enhanced the benefits to consumers in various ways. Innovation enables an organization to differentiate itself from others.

By the assumption of the overall research aspects and the analysis conducted in the literature review section, Figure 1 showcases the theoretical framework for the relationships and its hypotheses to be tested in this study.



Figure(1): Theoretical Framework

H1: EO has a positive impact on the competitive advantage of social enterprises.

H2: EO has a positive impact on innovation capability.

H3: IC has a positive impact on the sustainable positioning.

H4: IC mediates the relationship between entrepreneurial orientation and sustainable positioning.

3. Method

• Sample and data collection

This study adopted an online survey questionnaire as its data collection tool. Online questionnaires have the advantage of minimizing the level of bias in the data. Hair(2007). Moreover, the analysis of the data was conducted via statistical means, which may lead to reliable results that could be generalized. Gray(2013). The sample inclusion/exclusion criteria ensured the coverage of all individuals working in social enterprises in the four main cities of Saudi Arabia (i.e., Riyadh, Jeddah, Makkah, and Madinah). Individuals working in social enterprises within these cities were selected for two reasons. Firstly, connecting to the internet is convenient within these cities, which enabled our potential participants to complete the survey questionnaire. Secondly, most social enterprises are located within these main cities, which would guarantee an adequate representation of the whole population of social enterprise staff members within Saudi Arabia. The questionnaire was distributed via emails and social media platforms to the main email addresses of various social enterprises. The data collection proceeded over three weeks and the overall number of responses was 110. The collected data were analyzed via SPSS.

• Measures

The questionnaire was divided into distinctive categories (i.e., demographic characteristics, entrepreneurial orientation, innovation capacity, and sustainable competitive advantage). Entrepreneurial orientation contained items that measured innovation, risk taking, autonomy, competitive aggressiveness, and pro-activeness, Lumpkin & Dess (2001). Innovation capacity covered items related to product innovation, process innovation, and research and development, Parkman, Holloway, & Sebastiao(2012). Lastly, sustainable competitive advantage was measured using items related to cost effectiveness, quality of work, innovation capability, managerial capability, profitability, and growth (Vinayan, Jayashree, & Marthandan, 2012).

• Findings

The hypotheses were evaluated by conducting a regression analysis. The following tables 1, 2 present an overview of the sample and the demographic statistics of this study. The first question in the demographic information section of the survey pertained to the age group; the data showed that most (54 or 49.1%) of the 110 participants belonged to the 30 to 39 age group. From the results, it can be deduced that the younger participants hold positive perceptions of EO, IC, and competitive sustainable advantage. This is compatible with the ideas put forward by (Wagner and Compton, 2012).

The second question pertained to the gender distribution of the sample, and the data showed that males (67.3%) dominated the sample.

The largest group of participants in the survey were middle managers (41 out of 110, or 37%), followed by 38 CEOs (34.5%). The participants in the survey worked for enterprises with different tenures, 50 (45.5%) of the participants worked for enterprises that were six to ten years old. The second largest group of enterprises were newly established ones, with ages of one to five years. This revealed that most participants (80%) worked for newer enterprises, rather than older ones (with ages between 16 and 20 years). The next question pertained to the type of enterprises for which the participants worked. The data revealed that most participants (60 or 54.5%) provided services to various business enterprises, while 35 (31.8%) of them worked for manufacturing enterprises. The last question in this segment pertained to the location of the enterprises for which the sample population worked. It was found that most participants worked for enterprises located in Riyadh (54%), while the second most numerous groups (30%) worked for enterprises located in Jeddah. An overview of the sample statistics can be found in Table1 and Table2. A regression analysis ($N = 110$) was applied to test the hypotheses in this research. Table 3, 4, 5 and 6 illustrate the outcomes related to H1, H2, H3, and H4 as they are presented and discussed in the following section.

Table(1): Demographic Characteristics

Demographic Profile	Number of Respondents (N= 110)	Percentage (%)
Gender		
Male	74	67.3%
Female	36	32.7%
Total	110	100
Age		
18-29	26	23.63%
30-39	54	49.1%
40-49	20	18.19%
50-59	5	4.54%
60+	5	4.54%
Total	110	100
Position		
workers	11	10%
Manager	10	9.41
Middle manager	41	37%
Senior manager	10	9.09
CEO	38	34.5
Total	110	100
Enterprise age		
1-5 years	88	80%
6-10 years	10	9%
11-16 years	10	9%
16-20 years	2	2%
Total	110	100
Enterprise Location		
Riyadh	59	54%
Jeddah	30	30%

Makkah	10	6%
Madinah	11	10%
Total	110	100

Table(2): Descriptive Statistics

	N	Mean	Std. Deviation
Gender	110	1.33	.471
Age	110	2.17	.994
Position	110	3.49	1.319
Enterprise_Age	110	1.33	.718
Enterprise_Location	110	1.75	.988
Valid N (listwise)	110		

Table(3): Summary output of the impact of entrepreneurial orientation on sustainable competitive advantage

SUMMARY OUTPUT								
<i>Regression Statistics</i>								
Multiple R	0.14030387							
R Square	0.01968517							
Adjusted R Square	0.01060818							
Standard Error	0.84285121							
Observations	110							
<i>ANOVA</i>								
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>			
Regression	1	1.54063363	1.54063	2.16869	0.143755			
Residual	108	76.7230027	0.71039					
Total	109	78.2636363						
	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95.0%</i>	<i>Upper 95.0%</i>
Intercept	2.91444747	0.55165993	5.28305	6.65E-07	1.820962	4.0079	1.82096	4.00793
Our enterprise places an emphasis on creating new products/services that will provide value to new or existing customers.	0.18850912	0.12800696	1.47264	0.143755	-0.06522	0.4422	-0.0652	0.44224
Y=Our enterprise has the competitive advantage of low-cost compared to our direct competitors.								

Table(4): Summary output of the impact of entrepreneurial orientation on innovation capacity

<i>Regression Statistics</i>								
Multiple R	0.509911							
R Square	0.26001							
Adjusted R Square	0.253158							
Standard Error	0.575057							
Observations	110							

ANOVA								
	<i>Df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>			
Regression	1	12.54901	12.54901	37.94783	1.27E-08			
Residual	108	35.71463	0.330691					
Total	109	48.26364						
	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95.0%</i>	<i>Upper 95.0%</i>
Intercept	1.786677	0.37659	4.744361	6.44E-06	1.040211	2.533144	1.040211	2.533144
Our enterprise places an emphasis on finding new businesses and markets to target.	0.527068	0.08556	6.160181	1.27E-08	0.357472	0.696663	0.357472	0.696663
Y=Our enterprise is increasing the range of new products/services								

Table(5) : Summary output of the impact of innovation capacity on sustainable competitive advantage

SUMMARY OUTPUT								
<i>Regression Statistics</i>								
Multiple R	0.187706							
R Square	0.035234							
Adjusted R Square	0.026301							
Standard Error	0.83614							
Observations	110							
<i>ANOVA</i>								
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>			
Regression	1	2.75751	2.75751	3.94420	0.049567			
Residual	108	75.5061	0.69913					
Total	109	78.2636						
	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95.0%</i>	<i>Upper 95.0%</i>
Intercept	2.742513	0.4977	5.51037	2.46E-07	1.755986	3.72904	1.75598	3.72904
Our enterprise is increasing the range of new products/services.	0.239028	0.12035	1.98600	0.049567	0.000461	0.47759	0.00046	0.47759
Y=Our enterprise has the competitive advantage of low-cost compared to our direct competitors.								

Table(6) : Summary output of the mediation impact of IC on the relationship between EO and sustainable competitive advantage

SUMMARY OUTPUT								
<i>Regression Statistics</i>								
Multiple R	0.462728							
R Square	0.214117							
Adjusted R Square	0.20684							
Standard Error	0.579927							
Observations	110							
<i>ANOVA</i>								
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>			
Regression	1	9.896087	9.896087	29.42499	3.59E-07			
Residual	108	36.32209	0.336316					
Total	109	46.21818						
	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95.0%</i>	<i>Upper 95.0%</i>
Intercept	2.27896	0.345193	6.601994	1.57E-09	1.594728	2.963192	1.594728	2.963192
Our enterprise is increasing the range of new products/services.	0.452816	0.083476	5.424481	3.59E-07	0.287351	0.618281	0.287351	0.618281
Y=Our enterprise places an emphasis on introducing new products/services before our competitors do.								

4. Discussion

The testing of hypothesis H1, presented in table 3, was done by conducting a regression analysis ($N = 110$). The level of significance was lower than 0.05, so the null hypothesis was rejected. Thus, it can be said EO positively influences sustainable competitive advantage in social enterprises. This finding is in agreement with those of, for example, Lumpkin & Dess(1996) and Hughes & Morgan (2007). Indeed, by implementing EO, social enterprises enact practices that are described as innovative, proactive, and risk-taking. This means that the decision makers in the companies would embrace practices and ideas—and, hence, strategies—that take the initiative in order to make a difference. This would enable the introduction of services and goods that are more novel than those marketed by the competition, and would ensure that the company gains a competitive advantage in the market.

Hypothesis H2 was tested as shown in table 4. The p value of was found to be lower than 0.05, so the null hypothesis was rejected. Thus, EO positively affects IC in social enterprises. This finding is compatible with those of a number of extant studies, e.g., Escribá-Esteve et al., (2008); Parkman et al., (2012). Indeed, an increase in IC—which is a company's long-term ability to introduce a flow of innovative services and/or products—would not be achieved without embracing an innovative, risk-taking and proactive work philosophy.

As shown in table 5, hypothesis H3 was tested by means of a regression analysis. The p value was found to be equal to 0.05, so the null hypothesis was rejected. Thus, IC positively impacts sustainable competitive advantage in social enterprises. This finding confirms those of a number of previous studies, e.g., Teece(2007); Moizer & Tracey(2010). Indeed, achieving a sustainable level of competitive advantage is essential to social enterprises, due to their hybrid nature. Sustainability implies the ability to hold a long-term competitive advantage. Interestingly, higher levels of IC are linked to a social enterprise's ability to provide services/products that are innovative on the long term. Hence, IC enables a firm to achieve a sustainable competitive advantage.

In relation to hypothesis H4, presented in table 6, the p value was lower than 0.05. Thus, the null hypothesis was rejected. Hence, it can be said that IC mediates the relationship between EO and competitive advantage. The outcome of this study confirms the findings of Calantone, Cavusgil, & Zhao(2002). IC (the mediator) explains the way in which entrepreneurial innovation (the independent variable) affects sustainable

competitive advantage (the dependent variable). The innovativeness of EO should be long term in order to result in a sustainable competitive advantage.

5. Limitations

This study has a number of limitations. The number of participants was relatively low and this would adversely affect the reliability of the results in relation to their generalization to the whole population, Saunders, Lewis, & Thornhill (2009). Also, this study considered only social enterprises that had email addresses published on their websites. Accordingly, many small to medium social enterprises may have been dismissed when collecting the data. This may have resulted in a sample that does not adequately reflect the whole population, Hair et al. (2015). Moreover, the numeric data gathered in this study was of a quantitative nature; hence, unlike qualitative data, it would not enable the researcher to gain a holistic understanding and view of how and why the EO and IC factors affect the sustainable competitive advantage of social enterprises within the context of Saudi Arabia.

6. Future recommendations

Future studies could aim at adopting a mixed methodology in order to collect both numeric and textual data, which would enable reaching trustworthy and quality conclusions. Furthermore, future studies could attempt to increase the response rate by extending the time frame allocated to the data collection and by re-mailing the questionnaire to the targeted participants. In addition, future researchers could consider conducting comparison studies on the factors that impact the sustainable competitive advantage of social enterprises between two countries (e.g., a developed country such as the UK and developing one such as Saudi Arabia). Likewise, industrial enterprises—instead of social ones—might be taken as the scope of future studies considering relevant conditional (i.e. moderators) variables and more advanced statistical analyses.

7. Conclusion

This research highlighted the relationship among EO, IC, and sustainable competitive advantages in Saudi Arabian's social enterprises. The main objective was to examine the impact of EO and IC on SEs competitive advantage. The results indicate that IC mediates the relationship between EO and sustainable competitive advantages. Such findings extend and are in line with prior studies focusing on the importance of orientation which could help SEs to come up with new ideas that would be generated through innovation. In order to overcome the limitation of this study, we suggested that contextual moderating variables and more advanced analytical technique are needed for future research.

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